

PARITY HANDBOOK

A REFERENCE MANUAL ON PARITY PRICE,
INDEX OF PRICES PAID BY FARMERS,
AND INDEX OF PRICES RECEIVED



PRESENTED BY MR. ELLENDER

MAY 13 (legislative day, MAY 12), 1952.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1952

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FOREWORD

This Parity Handbook has been prepared jointly by the Office of Price, Production and Marketing Administration, and various specialists in the Bureau of Agricultural Economics, United States Department of Agriculture, for use as a handy reference manual on parity price. To this end, each section has been written so as to provide a rather complete discussion of a particular subject. This organization has resulted in some unavoidable overlapping of material. It was felt, however, that complete answers to specific questions were desirable despite the overlapping.

The handbook is divided into three parts: Part I covers Parity Price and its uses. Part II discusses the Index of Prices Paid by Farmers and its uses. This discussion covers the revised Parity Index—that is, the Index of Prices Paid by Farmers, Including Interest, Taxes, and Farm Wage Rates, as well as the two old or unrevised Parity Index numbers—the Index of Prices Paid by Farmers, Including Interest and Taxes, and the Index of Prices Paid. For purposes of brevity, these three index numbers frequently are referred to as the Index of Prices Paid, both in this part and in other parts of this handbook. Part III covers the Index of Prices Received and its uses.

The handbook was prepared under the direction of Mr. Sidney N. Gubin, Office of Price, PMA.

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The handbook is divided into three parts. Part I covers Party Prices and its uses. Part II discusses the index of prices paid by farmers and its uses. This discussion covers the revised Party Index, that is, the index of prices paid by farmers, including interest, taxes and farm wages, as well as the two old or unadjusted Party Index numbers—the index of prices paid by farmers, including interest and taxes, and the index of prices paid by farmers. To provide these Party Index numbers frequently are referred to as the index of prices paid, both in this part and in other parts of the handbook. Part III covers the index of prices received and its uses.

The handbook was prepared under the direction of Mr. Sidney A. Chapin, Office of Price T.M.A.

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PARITY HANDBOOK

PART I. PARITY PRICE

PARITY IN BRIEF

Generally speaking, parity is a standard used to measure the degree to which farm prices (or incomes) are in line with what Congress has defined as a fair goal or objective.

Parity prices, the most commonly used parity standard, are the dollars and cents prices that will give farm commodities the same buying or purchasing power the commodities had in a selected base period when prices received and paid by farmers were considered to be in good balance. This purchasing power is measured in terms of (1) prices of commodities that farmers buy, (2) interest on farm indebtedness secured by farm real estate, (3) taxes on farm real estate, and (4) for most commodities, cash wage rates paid hired labor.

Farmers are keenly interested in parity because parity prices measure the level at which the prices farmers receive for commodities will be in balance with the prices they pay for goods and services. Farmers are not so much interested in how many dollars they get for their wheat as in what they can buy with their wheat dollars. Even a price of \$5 a bushel for wheat, if that price were 80 percent of parity, would be less desirable to farmers than a price of \$2 per bushel if the latter represented 100 percent of parity.

In computing parity prices, 1910-14 is used as a base period or starting point. This period was selected because it was one in which farm and nonfarm prices appear to have been in reasonable balance with one another. Parity prices are calculated in such a way as to maintain this over-all balance between prices received by farmers and prices paid by farmers, and yet permit parity prices for individual commodities to be in a more recent or modernized relationship to each other.

Parity prices necessarily change from time to time in the same direction and by the same amount as prices paid by farmers change. Thus, if prices farmers pay double, parity prices double; if prices farmers pay go down one-half, then parity prices go down one-half. Whenever the price of a commodity, such as wheat, is selling at parity, a farmer can sell 1,000 bushels of wheat and buy in the aggregate as much food, clothing, building materials, machinery, fertilizer, and the like as he could with the same amount of wheat during the 5-year period 1910-14. When the price is below parity, he can buy less; when it is above, he can buy more.

The parity price of a commodity is a general or over-all standard representing a United States average price for the various grades, qualities, and classes of the commodity as sold by farmers as a group,

rather than a price received by an individual farmer for a specific grade, quality, or class of the commodity at a specific location.

As in the case of any general standard, factors other than parity price must be considered in determining the adequacy of a price when unusual situations affecting a particular farm product exist. Nevertheless, parity price still is the widely accepted standard for measuring the general adequacy of farm prices. The general fairness of parity price as one measure of equality for agriculture has long been recognized by the Congress. The parity price concept has been embodied in agricultural price legislation since the early thirties. At present, it is an important guidepost for action taken in connection with price support operations as well as on price ceilings for agricultural commodities.

Parity prices have not been designed to measure cost of production plus a fair profit. Neither are they prices which will provide farmers with incomes equal to incomes of nonfarm people, although when prices of farm commodities are at parity, farm incomes are in better balance with those of nonfarm people than when farm prices are below parity.

Farming is not the only occupation in which a balance or equality between prices received and paid is constantly measured and sought. A similar comparison is made continually between wages paid industrial workers and living costs. Some labor contracts contain cost-of-living clauses to which wage rates are geared—a relationship similar to parity.

On January 1, 1950, a new or modernized formula for computing parity was established by law. This new legislation also provided for an interim period in which parity prices were to be shifted from the old to the new basis in cases of certain commodities.

These different types of parity prices—new, old, and transitional—the methods by which they are computed, their uses, and the background of the change are discussed in more detail in the following pages.

BACKGROUND OF PARITY PRICE

Congress first gave legislative recognition to the parity concept in the Agricultural Adjustment Act of 1933 by declaring that it was the policy of Congress, among other things—

to reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

In line with the expressed policy of Congress, the Department of Agriculture has been computing and publishing parity prices monthly since September 1933 for a large group of agricultural commodities.

For nearly 17 years, up to January 1, 1950, the parity price of a commodity was computed simply by multiplying the average price received for the commodity in a fixed base period by the latest index of prices paid. The base period price used did not change after it once was computed. (For about one-third of the commodities, the base period used was the 60 months between August 1909 and July 1914, or a pre-World War I base. For the remaining two-thirds, a post-World War I base period (1919–29 or some portion thereof, 1934–39, 1936–41) was used. These different base periods were pre-

scribed by law and reflected the fact that price data were not available or were not appropriate for all commodities on a 1909-14 base). The index of prices paid, however, was computed monthly and changed as prices changed. Parity prices for individual commodities thus moved up and down as the index of prices paid changed. However, they still maintained the same relationship to each other that prevailed in the fixed base period.

As time went on, it became obvious that this parity formula needed to be brought up to date. Modernization was needed because there had been numerous changes in the production, marketing, and consumption of agricultural commodities since 1910-14. These changes had altered price relationships so that some commodities, such as livestock, were higher in price compared with others than they were in the fixed base period used in computing parity. Under such circumstances, it appeared that the price received by farmers for a commodity in years later than the fixed base periods then being used (such as 1909-14, 1919-29, 1934-39) should be considered in computing the parity price of the commodity. This would enable the relationship between parity prices of individual commodities to be on an up-to-date basis instead of being frozen permanently at relationships which prevailed in the fixed base periods.

It was this situation which led Congress to establish a new or modernized formula for computing parity prices for agriculture, effective January 1, 1950 (with the exceptions noted below), under the provisions of the Agricultural Acts of 1948 and 1949. The substance of the change was that the new formula was designed to maintain the over-all relationship which existed in 1910-14 between prices received and prices paid by farmers, and at the same time to permit adjustments which had gradually developed among prices of individual farm commodities to be reflected in the parity price of individual commodities.

The legislation made two major changes in the formula previously used for computing parity prices. The first and most important change was that the base period used in determining the average price received for an agricultural commodity was placed on a current basis and was permitted to change from year to year instead of remaining fixed as under the old formula. As a result, both factors in the parity price formula for a commodity (the dollars-and-cents base period price received and the index of prices paid) instead of only one factor (the index of prices paid) were subject to change. The second change was the addition of wage rates paid hired labor to the index of prices paid.

The base period used for each commodity under the new formula is the same—the most recent 10-year period prior to the year in which parity price is computed. However, in computing the base period price, consideration is given not only to the average price received in this 10-year period for the commodity on which parity is being computed, but also to changes between 1910-14 and the 10-year base period in prices received by farmers for farm commodities in general. The revised formula for computing parity is explained in more detail in the section on New Parity Price, but a brief example will help explain this change as applied to 1952. In the most recent 10-year period, 1942-51, the prices received by farmers averaged 235 percent of their 1910-14 average. Prices paid by farmers, including interest,

taxes, and wage rates paid hired labor, on January 15, 1952, were 287 percent of their 1910-14 average. The new parity price for an individual commodity on January 15, 1952, thus, is the 1942-51 average price received by the farmers for the individual commodity divided by 235 and multiplied by 287. Another way of expressing this modernized parity computation is that the 1942-51 average price received for the individual commodity is multiplied by $\frac{287}{235}$ or 1.22, the over-all ratio between prices paid and prices received.

The second change involved the index of prices paid. The amendments to the price legislation specifically provided for the inclusion of an allowance for farm wage rates and services to be added to the index of prices paid. At the time wage rates were included, the index was completely revised to take into consideration the substantial changes in the kinds and quantities of goods and services purchased by farmers since the index was initially computed. This involved the addition of many commodities which had not previously been included in the index, as well as the recognition of the increasing importance of such things as farm machinery and fertilizer. (A detailed discussion of the revised parity index appears in the section entitled "Component Parts of Revised Index of Prices Paid by Farmers.")

The use of this new parity has resulted in an increase in parity prices for some commodities and a decrease in parity prices for others. Thus, the parity prices of most livestock items went up, whereas the parity prices of many field-grown commodities went down. Parity prices as of January 15, 1952, for a selected group of basic and designated nonbasic commodities on which price support is mandatory under the Agricultural Act of 1949, and for a group of other commodities computed by the old and modernized formula and the effective parity for each are shown in the table on page 5.

Two special provisions were written into the law to prevent any abrupt drops in parity prices for a commodity resulting from the change-over to the modernized formula that might unduly injure farmers.

One provision permits the use of modernized or old parity price, whichever is higher, in the case of the basic commodities—corn, wheat, cotton, tobacco, peanuts, and rice—during the 4-year period beginning January 1, 1950. For 1952, this will require the use of the old formula for determining parity for cotton, corn, wheat, and peanuts, and the modernized formula for rice and tobacco.

The other provision permits the use of a transitional parity price under certain conditions for nonbasic commodities to slow down the rate of conversion from the old to the modernized parity. This use of transitional parity permits the parity price of a nonbasic commodity to decline not more than 5 percent per year (beginning in 1950) from what the parity price would have been computed by the old formula. Thus, in 1952 the transitional parity price for a commodity is 85 percent of the parity price computed by the old formula. (For a detailed discussion of the method used and the commodities affected, see the section on Transitional Parity Price.)

The effective parity price—that is the modernized, transitional, or old parity price, whichever is applicable to the particular commodity—is currently computed for 165 commodities as of the fifteenth of each month by the Bureau of Agricultural Economics and published in

the Bureau's midmonth price report called Agricultural Prices. (Prior to January 1951, parity prices for only the major agricultural commodities were published monthly; others were published twice a year in January and July.) For a number of major commodities, these reports also show the average price received for the commodity and the percentage of parity this average price represents. These reports further contain the index of prices received for agricultural commodities in general, and the index of prices paid by farmers for commodities together with indexes for appropriate subgroups.

New, old, or transitional and effective parity prices for selected commodities, Jan. 15, 1952

Commodity and unit	New parity	Old or transitional parity		Effective parity
		Old	Transitional ¹	
Basic commodities:				
Cotton.....	pound.....	\$0.3358	\$0.3435	\$0.3435
Wheat.....	bushel.....	2.12	2.45	2.45
Rice.....	hundredweight.....	5.60	5.01	5.60
Corn.....	bushel.....	1.62	1.78	1.78
Peanuts.....	pound.....	.109	.133	.133
Designated nonbasic commodities: ²				
Butterfat.....	pound.....	.766	.729	.766
Milk, wholesale.....	hundredweight.....	4.82	4.43	4.82
Milk, manufacturing.....	do ³	4.27	3.92	4.27
Wool.....	pound.....	.603	.507	.603
Potatoes.....	bushel.....	1.64	2.04	1.73
Other nonbasic commodities:				
Barley.....	bushel.....	1.38	1.71	1.45
Beans, dried.....	hundredweight.....	9.18	9.33	9.18
Cottonseed.....	ton.....	75.80	62.50	75.80
Flaxseed.....	bushel.....	4.74	4.68	4.74
Oats.....	do.....	.913	1.11	.944
Rye.....	do.....	1.68	1.99	1.69
Sorghum, grain.....	hundredweight.....	2.55	3.35	2.85
Sweet potatoes.....	do.....	2.59	2.43	2.59
Grapefruit.....	box.....	1.21	2.28	1.94
Lemons.....	do.....	2.75	3.68	3.13
Oranges.....	do.....	2.19	4.17	3.54
Apples.....	bushel.....	2.84	2.66	2.84
Beef cattle.....	hundredweight.....	21.10	15.00	21.10
Chickens, live.....	pound.....	.307	.316	.307
Eggs.....	dozen.....	.497	.596	.507
Hogs.....	hundredweight.....	21.50	20.10	21.50
Lambs.....	do.....	23.20	16.30	23.20
Veal calves.....	do.....	23.70	18.70	23.70

¹ Transitional parity not shown where new parity is effective parity.

² Designated in sec. 201, title II, of the Agricultural Act of 1949.

³ Parity equivalents.

Source: Crop Reporting Board, BAE. Compiled in Office of Price, PMA.

MAJOR PROVISIONS OF AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED (BY AGRICULTURAL ACTS OF 1948 AND 1949), RELATING TO CALCULATION OF PARITY PRICE

The major provisions of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949 relating to the calculation of parity price are found in section 301 (a). New parity price is covered in sections 1 (A), 1 (B), and 1 (C). Transitional parity price is covered in section 1 (E). Use of old parity price for basic commodities under certain circumstances is covered in section 1 (G). The pertinent provisions of the act are these:

(1) (A) The "parity price" for any agricultural commodity, as of any date, shall be determined by multiplying the adjusted base price of such commodity as of such date by the parity index as of such date.

(B) The "adjusted base price" of any agricultural commodity, as of any date, shall be (i) the average of the prices received by farmers for such commodity, at such times as the Secretary may select during each year of the ten-year period ending on the 31st of December last before such date, or during each marketing season beginning in such period if the Secretary determines use of a calendar year basis to be impracticable, divided by (ii) the ratio of the general level of prices received by farmers for agricultural commodities during such period to the general level of prices received by farmers for agricultural commodities during the period January 1910 to December 1914, inclusive. As used in this subparagraph, the term "prices" shall include wartime subsidy payments made to producers under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942.

(C) The "parity index," as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.

(D) The prices and indices provided for herein, and the data used in computing them, shall be determined by the Secretary, whose determination shall be final.

(E) Notwithstanding the provisions of subparagraph (A), the transitional parity price for any agricultural commodity, computed as provided in this subparagraph, shall be used as the parity price for such commodity until such date after January 1, 1950, as such transitional parity price may be lower than the parity price, computed as provided in subparagraph (A), for such commodity. The transitional parity price for any agricultural commodity as of any date shall be—

(i) its parity price determined in the manner used prior to the effective date of the Agricultural Act of 1948 (January 1, 1950), less

(ii) five per centum of the parity price so determined multiplied by the number of full calendar years which, as of such date, have elapsed after January 1, 1949.

(G) Notwithstanding the foregoing provisions of this section the parity price for any basic agricultural commodity, as of any date during the four-year period beginning January 1, 1950, shall not be less than its parity price computed in the manner used prior to the enactment of the Agricultural Act of 1949.

NEW PARITY PRICE

The Agricultural Adjustment Act of 1938 was amended by the Agricultural Acts of 1948 and 1949 to provide a new formula for calculating parity prices. Parity prices computed with the new formula are used currently for all commodities except (a) cotton, corn, wheat, and peanuts, for which old parity is used (see the section entitled "Old Parity Price"), and (b) 23 commodities for which transitional parity prices are applicable (see the section entitled "Transitional Parity Price"). From time to time, more and more commodities will be computed on a new parity price basis until all are on the same basis.

The method of calculating parity prices with the new formula is as follows:

1. *Average price received for commodity.*—The monthly or seasonal average price received by farmers during the 10 preceding years for the commodity for which parity is being determined is calculated in dollars and cents. For 1951, this is the 1941–50 average price; for 1952, it will be the 1942–51 average; and so on. Wartime subsidy payments made to producers of milk, butterfat, beef cattle, sheep, and lambs under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942 are included in prices received for those commodities.

2. *Adjusted average or base price for commodity.*—An adjusted base price is then computed for the commodity. This is done by dividing the 10-year average price received by farmers for the commodity in dollars and cents calculated under 1 by the average of the index of prices received by farmers for all commodities (1910-14=100) for the same 10-calendar-year period. Wartime subsidy payments on milk, butterfat, beef cattle, sheep, and lambs also are included in the index of prices received for all commodities. This adjusted base price is recalculated at the beginning of each year. It is subject to major change only in January when a new 10-year period is used to obtain the average price for the commodity on which parity is being determined and for all commodities. However, it is subject to minor changes prior to the beginning of harvest to reflect more accurate estimates of prices of the last year's crop.

3. *Index of prices paid.*—An index of prices paid by farmers, including interest, taxes, and wage rates, is computed. For the method used, see the section on Index of Prices Paid by Farmers.

4. *New parity price.*—Parity price is calculated by multiplying the adjusted base price for the commodity by the current index of prices paid by farmers, including interest, taxes, and wage rates (1910-14=100).

Example of new parity-price computations (Jan. 15, 1952)

[Per 100 pounds]

	Hogs	Cattle
(a) Average price received for commodity in recent 10-year period (1942-51).....	\$17.60	\$17.30
(b) Index of average prices received for all commodities in same 10-year period (1910-14=100).....	235	235
(c) Adjusted base price ((a)÷(b)).....	\$7.49	\$7.36
(d) Current index of prices paid by farmers, including interest, taxes, and wage rates (1910-14=100).....	287	287
(e) New parity price ((c)×(d)).....	\$21.50	\$21.10

OLD PARITY PRICE

Although the Agricultural Acts of 1948 and 1949 amend the Agricultural Adjustment Act of 1938 to provide a new formula for computing parity prices, the amended act also provides that the parity price for any basic agricultural commodity—corn, cotton, wheat, peanuts, rice, and tobacco—as of any date during the 4-year period beginning January 1, 1950, shall not be less than its parity price computed in the manner used prior to the enactment of the Agricultural Act of 1949.

To comply with this provision, two calculations are made for the basic commodities, one with the new and one with the old formula. Whichever of these is the higher becomes the effective parity price. At present, the old formula gives higher parity prices for wheat, corn, cotton, and peanuts, whereas the new formula gives higher parity prices for rice and tobacco.

Parity prices under the old formula are computed for corn, cotton, wheat, and peanuts by multiplying (a) the average price received during the base period August 1909–July 1914 by (b) the most recent index of prices paid by farmers, including interest and taxes, but not including wage rates (1910-14=100). The index of prices paid used

is the same as the index series used for calculating parity price prior to January 1, 1950, as required by House Report 1459, Eighty-first Congress, first session. August 1909–July 1914 base-period prices are as follows: corn, 64.2 cents per bushel; cotton, 12.4 cents per pound; wheat, 88.4 cents per bushel; and peanuts, 4.8 cents per pound.

Examples (as of Jan. 15, 1952)

	Wheat (per bushel)	Cotton (per pound)
Old parity computation:		
(a) Average price received for commodity (August 1909–July 1914).....	\$0.884	\$0.124
(b) Current index of prices paid by farmers, including interest and taxes (1910–14=100).....	277	277
(c) Old parity price $(a) \times (b)$	\$2.45	\$0.3435
New parity computation:		
(d) Average price received for commodity in recent 10-year period (1942–51).....	\$1.74	\$0.2750
(e) Index of average prices received for all commodities in same 10-year period (1910–14=100).....	235	235
(f) Adjusted base period price $(d) \div (e)$	\$0.740	\$0.1170
(g) Current index of prices paid by farmers, including interest, taxes, and wages (1910–14=100).....	287	287
(h) New parity price $(f) \times (g)$	\$2.12	\$0.3358
Effective parity price higher of (c) or (h).....	\$2.45	\$0.3435

TRANSITIONAL PARITY PRICE

Transitional parity price permits parity prices of nonbasic commodities to be adjusted downward gradually from the old parity basis to the new parity basis. Just as its name implies, it establishes a transitional level until the full downward adjustment is completed. This gradual adjustment results from a provision in the law prohibiting the parity price for a commodity from dropping at too fast a rate. Under this provision, the effective parity price of a nonbasic commodity cannot be less than the following percentages of old parity price for the same commodity: 1950, 95 percent of old parity price; 1951, 90 percent of old parity price; 1952, 85 percent of old parity price; 1953 and later years, an additional 5 percent a year.

In determining whether or not transitional parity price must be used and the level of transitional parity price, the following steps are taken until the nonbasic commodity shifts to a new parity price basis:

1. A parity price under both the old and new formulas is computed for each commodity for which transitional parity was used in the previous year by methods already explained.

2. If the old parity price still is higher than the new parity price, a transitional parity price for the commodity is computed. Otherwise, the new parity figure is used as the effective parity. A transitional parity price is computed by reducing the old parity price by a specified percent. For 1952, this reduction is 15 percent.

3. If the transitional parity price figure is higher than the new parity price figure, the transitional parity price is used. If the transitional parity price figure is lower than the new parity price figure, the transition to the new formula is considered as completed and it is not necessary to compute transitional parity any more.

Examples of the method of computing transitional parity are shown in the table on page 5.

During 1952 (as shown in the table on the following page), the transitional parity price is the effective parity price for 23 of the 165

agricultural commodities for which parity price is computed. On the basis of the percentage relationship between old and new parity price computed for each of these 23 commodities as of January 15, 1952, and shown in this table, it would appear that the number of commodities for which transitional parity is used would decline to about 15 commodities in 1953—all those commodities for which the percentage of new to old parity is less than 80 percent—and then from year to year until all commodities are on a new parity price basis. These prospective reductions in number of commodities after 1952, however, must be considered as tentative and for illustrative purposes. As explained earlier, the 10-year period used in computing new parity prices changes from year to year and this change (aside from changes in prices paid) would alter the relationship between old and new parity prices from that shown as of January 15, 1952, and based on current figures.

Estimated period of time required to shift from transitional to new parity on commodities for which transitional parity is currently (Jan. 15, 1952) used

Commodity	New parity as percent of old, Jan. 15, 1952	Commodities for which transitional parity is computed ¹										
		1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Field crops:												
Barley.....	80.7	X										
Buckwheat.....	75.2	X	X									
Grain sorghums.....	76.1	X	X									
Hay, baled.....	73.9	X	X	X								
Oats.....	82.2	X										
Potatoes.....	80.4	X										
Rye.....	84.4	X										
Livestock and products: Eggs.....	83.4	X										
Sugar crops: Sugarcane for sugar.....	84.5	X										
Seeds: Sweet clover.....	77.8	X	X									
Fruits:												
Grapefruit.....	53.1	X	X	X	X	X	X	X				
Lemons.....	74.7	X	X	X	X	X	X	X				
Oranges.....	52.5	X	X	X	X	X	X	X				
Avocados.....	38.2	X	X	X	X	X	X	X	X	X	X	
Dates.....	52.2	X	X	X	X	X	X	X				
Nuts:												
Filberts.....	68.9	X	X	X	X							
Pecans, all.....	72.0	X	X	X								
Walnuts.....	67.2	X	X	X	X							
Vegetables for fresh market:												
Asparagus.....	78.3	X	X									
Beans, snap.....	84.7	X										
Cauliflower.....	80.3	X										
Peas, green.....	74.9	X	X	X								
Miscellaneous crops: Popcorn.....	79.8	X	X									
Total number of commodities.....		23	15	10	6	4	4	4	1	1	1	0

¹ Estimated on the basis of the Jan. 15, 1952, relationship of new parity to old parity.

Source: Based on BAE parity prices. Prepared in Office of Price, PMA.

THE GENERAL PARITY RATIO

Each month the Department computes a general parity ratio as well as parity prices for individual commodities. This general parity ratio measures the over-all purchasing power of agricultural commodities as a whole somewhat as the parity price of a specific commodity measures the purchasing power of that commodity. The parity ratio expresses the percentage relationship between (a) the Index of Prices

Received by Farmers and (b) the Index of Prices Paid by Farmers Including Interest, Taxes, and Wage Rates.

The method used for computing this general parity ratio briefly is this:

1. *Price level for agricultural commodities as a whole.*—This level is obtained by using the index of prices received by farmers for agricultural commodities, which index the Department computes and publishes each month. This index combines into one figure prices of most of the agricultural commodities for which the Department collects monthly local market price information, properly weighted and placed on a 1910–14 base period. This 1910–14 period was selected because (a) it was free from major economic and political disturbances, (b) agricultural and nonagricultural industries were relatively prosperous, and (c) prices of most major products farmers sold were considered to be in fair relationship to prices paid by farmers.

2. *Prices paid for living and production.*—This level is obtained by using the revised index of prices paid by farmers (the Index of Prices Paid, Interest, Taxes, and Wage Rates to Hired Labor) which the Department computes and publishes each month. This is the same index of prices paid that is used in computing new parity. Like the index of prices received, this index of prices paid also is on a 1910–14 basis.

3. *Parity ratio.*—The parity ratio is obtained by dividing the most recent index of prices received (item 1) by the most recent index of prices paid (item 2). If the result is above 100—that is, the index of prices received is larger than the index of prices paid—prices in general are above parity. Conversely, when the result is below 100, prices in general are below parity.

The fact that the general parity ratio is 100 or more does not mean that prices of all individual commodities are above parity. As explained above, the general parity ratio is based on the relationship of the average of prices received to the average of prices paid. Some individual prices thus still could be below parity even though the average of prices was above parity. The parity status of individual commodities can be determined only by referring to the parity price of that commodity.

Index numbers of prices received by farmers and paid by farmers for commodities bought for living and production including interest, taxes, and farm wage rates, annually in recent years and the general parity ratio, are shown in the table on page 19.

WHAT USES ARE MADE OF PARITY PRICES?

Parity prices have a number of uses in agriculture, the more important of which are these:

1. *Measuring changes in the purchasing power of a commodity.*—This was the principal purpose for which parity price was originated in 1933. It is still an important use.

2. *Determining support levels.*—This is one of the most important regular uses of parity price. Legislation requiring or authorizing the Department to support prices of agricultural commodities does not specify the dollars and cents prices at which the commodities are to be or may be supported. Instead, this legislation indicates the specific percentage of parity price or the range in percentage of parity price

at which the commodity must or may be supported. Support prices usually are announced in terms of both percentage of parity price, and the United States average price in terms of dollars and cents. Before the support program is put into operation this United States average dollars and cents support price generally is converted into prices for different grades, location, and seasons, where appropriate, by use of differentials.

3. *Determining legal minimum prices for price ceiling purposes.*—This is a special use of parity price under the Defense Production Act of 1950. Under this legislation, price ceilings on agricultural commodities cannot be established at less than the legal minimum which is generally the higher of the pre-Korean price, 90 percent of the price received (by grade) by producers on May 19, 1951, or the most recent parity price. For most commodities the legal minimum is parity price.

4. *Marketing agreement and order purposes.*—This use is important in the case of some agricultural commodities, such as fresh fruits, fresh vegetables, tree nuts, and hops where marketings are stabilized by means of marketing agreements and orders under the Agricultural Marketing Agreement Act of 1937, as amended. The percentage of parity price at the time an agreement or order is proposed is an important factor in determining the need for the agreement or order. The percentage of parity price at the time a specific restriction on marketings is proposed is considered carefully in determining the need for the regulation. For a commodity other than milk, marketing stabilization operations under an agreement or order, other than minimum standards of quality and maturity, and such grading and inspection requirements as are in the public interest cannot be continued after the price of the commodity reaches parity.

WHAT TYPE OF A PRICE IS THE PARITY PRICE?

Most parity prices are national average prices—prices which represent all grades and qualities of the same commodity as sold by farmers in their local markets at all locations in the United States—rather than the price of a specific grade of the commodity at a specific location. This is true since, as explained earlier, parity is computed by multiplying the United States average price received by farmers for the commodity (in some representative period) by the index of the United States average price paid by farmers for goods and services. Hence, the result itself is a United States average price.

Among the fruits and vegetables, commodities used for processing and commodities sold for fresh consumption are in certain cases considered to be separate commodities for the determination of parity prices. Thus, in the case of vegetables like snap beans, beets, cabbage, and several others the production for processing and the production for fresh consumption are in effect separate commodities and separate parity prices are computed for the separate commodities.

In the case of some fruits such as apricots, peaches, and pears there are three major utilization groups, i. e. for fresh consumption, dried, and for other processing. These major utilization groups are considered to be separate commodities and a parity price is computed for each of these commodities.

The parity price is a national or United States average, as explained earlier. From this United States average price, adjustments are made to secure a parity price equivalent for a specific location and season. These adjustments are generally based upon usual or historical differences between the United States average price and the price for the specific grade, or in the specific location or season. This difference then is added to or subtracted from (as appropriate) the parity price. The result is the price of the grade or the price at the locality which reflects the parity price for the commodity adjusted for grade or location. This price sometimes is referred to as the parity equivalent for such grade of the commodity or for the commodity at such location. These differences change from time to time due to changes in marketing and transportation costs, market factors, supplies, etc. Hence, they necessarily must be recalculated from time to time in order to make the necessary adjustments in the differentials. These adjustments, when applied to the entire crop of the commodity, are so calculated as to result in a weighted average price equal to the parity price of the commodity.

One final word needs to be said about parity price. That is, the parity price refers to the price of the various grades and qualities of a commodity in the local market in which farmers usually sell. These local points of sale usually are the markets closest to the point of production, such as the local elevator or dairy plant. They ordinarily are not terminal or big city markets. This means that differentials of the type discussed in the paragraph above must be computed whenever it is necessary to determine a price in the city or terminal market which will reflect parity price.

DEFINITIONS OF TERMS OR PHRASES USING PARITY

Parity.—When used alone, the term “parity” is synonymous with equality. Parity price, parity ratio, and parity income are the various standards used in agriculture to measure the degree to which farm prices or incomes are in line with what the Congress has defined as a fair goal or objective.

Parity price.—This is the price which will give agricultural commodities the same purchasing or buying power in terms of goods and services farmers buy that the commodities had in a specified base period.

Parity ratio.—This measures the general or over-all relationship between the price level of the commodities farmers sell and the prices of things farmers buy. More specifically, it is the ratio of (1) the index of prices received by farmers to (2) the index of prices paid by farmers, including an allowance for interest, taxes, and wages paid hired labor. When this relationship is 100, that is, the two indexes are equal, agricultural prices in general are considered at parity.

Parity index.—This is the Index of Prices Paid by Farmers, Including an Allowance for Interest, Taxes, and Wages Paid Hired Labor—the index which measures changes in prices of the goods and services farmers buy and which is used in calculating the parity price of a specific commodity under the new formula and the parity ratio.

New parity price.—This is the parity price computed by the revised method in effect since January 1, 1950. Currently (January 15, 1952), it is used on 138 of the 165 commodities for which parity prices are computed.

Old parity price.—This is the parity price computed by the method in effect prior to January 1, 1950. Currently (January 15, 1952), it is used as the parity price for four basic commodities (corn, wheat, cotton, peanuts) since old parity is higher than the new parity price.

Transitional parity price.—This is a parity price part way between old parity and new parity (15 percent under the old parity in 1952) so as to permit a gradual downward transition from the old parity basis to the new parity basis. Currently (January 15, 1952), it is used as the effective parity price for 23 agricultural commodities.

Parity income.—See Parity Income section below.

Parity payments.—These payments have not been made since the 1942 crop year. They were supplementary payments made to producers of corn, wheat, cotton, rice, or tobacco on their normal production which were aimed at giving such producers a return as nearly equal to parity price as available funds would permit on their normal production of such commodities.

PARITY INCOME

Parity of income has been the long-time goal of agriculture. However, as yet no actual working formula has been developed, so that this parity income can be used as a basis for guiding day-to-day operations.

Prior to the Agricultural Act of 1948, a number of definitions of parity income were contained in agricultural legislation. Some of these definitions did not fit available income statistics. While others did fit the available income statistics, they otherwise were generally unsatisfactory either in terms of the ideas underlying the definition or in terms of the statistics which the formulas fitted.

The definition of parity income was completely rewritten in the Agricultural Act of 1948. This definition provides that—

“Parity,” as applied to income, shall be that gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupations. “Parity” as applied to income from any agricultural commodity for any year, shall be that gross income which bears the same relationship to parity income from agriculture for such year as the average gross income from such commodity for the preceding ten calendar years bears to the average gross income from agriculture for such ten calendar years.

The endeavor in this definition is to define the idea or concept of parity income in terms of equality of living standards as between farm and nonfarm people and provide for a way of translating this into gross values for individual agricultural commodities. In effect, such a definition assumes that it is possible (a) to arrive at a reasonably simple and generally acceptable definition as to the total amount of dollars needed for farm family living and saving purposes in order to give farm people the equivalent standard of living, (b) to estimate the production expenses required to produce the gross volume of agricultural production for the year with reasonable accuracy, and, finally (c) to indicate the quantities of each of the several commodities which should be produced and marketed. Testimony in connection with the hearings on this bill indicated that the Department did not possess the necessary research and statistical background to actually measure or indicate how many dollars were needed for comparable living standards and that to do the job at all satisfactorily would require a very considerable amount of funds and at least several years of work.

PART II. INDEX OF PRICES PAID BY FARMERS

INDEX OF PRICES PAID BY FARMERS IN BRIEF

The index of prices paid by farmers—frequently called the Parity Index—is a yardstick which measures changes in the general price level of the things for which farmers pay out money. It combines these prices into one figure or index number which permits comparisons from month to month and from year to year.

The index is a valuable tool for showing changes in prices paid by farmers, and for computing the parity price of individual commodities as well as the parity ratio for all commodities. As explained earlier, parity prices change partly because of changes in the index of prices paid and partly for other reasons. The use of the index of prices paid for computing parity is explained in part I of this publication.

This index has been developed for the purpose of measuring changes in the United States average level of prices paid by farmers for goods and services and not to measure changes in production costs either of all farmers, or for individual farmers. Neither does it necessarily measure changes in prices paid by an individual farmer or by the producers of a single commodity as a group.

Since January 1, 1950, two indexes of prices paid have been in use. A revised index—Index of Prices Paid by Farmers, Including Interest, Taxes, and Wage Rates Paid to Hired Labor—is used in computing new parity prices and the over-all parity ratio. An old index (computed in the same manner as the series of index numbers of prices paid in use prior to January 1, 1950, as required by House Report 1459, 81st Cong., 1st sess.) is used for computing old parity and in connection with transitional parity computations.

The background of the revised index of prices paid, the differences and similarities between the new and old index of prices paid, and a detailed discussion of the commodity or item groups making up the revised index of prices paid are covered in the following pages.

BACKGROUND OF INDEX OF PRICES PAID

The use of an index of prices paid by farmers for measuring changes in farmers' buying power was first authorized by law in 1933 under the Agricultural Adjustment Act of 1933.

Prior to 1933, the Department, for several years (since 1928), had been computing an index of prices paid as a measure of changes in purchasing power of farm commodities. This index provided the basic framework for the official index in 1933. All that was necessary was to revise or bring up to date the old index by adding a few new commodities, revising a few weights, and adding prices for some earlier years.

In computing this official index of prices paid by farmers, several steps were taken. First, a representative list of consumer goods and

producer goods purchased by farmers for family living and for production was developed. This list was obtained by means of surveys which showed not only the specific items purchased by a typical group of farmers in 1924-29, but also the relative importance of each item. Second, a combined price paid for these consumer and producer goods was calculated for the base period 1910-14. This was calculated by using the weights from surveys, and prices paid in 1910-14. This over-all price paid was labeled "100" so that combined prices paid in later periods could readily be compared with the 1910-14 figure. Third, similar combined prices paid were calculated on a regular current basis. This current combined price paid, when divided by the combined price paid in the 1910-14 period, showed how much prices paid in general had changed. Thus, when the index was 210, prices paid in general were 110 percent above the base period. Similarly, when the index was 85, prices paid in general were 15 percent below the base period.

Up until January 1, 1950, only one major change was made in the index of prices paid after it was introduced in 1933. (Revisions of the index involving changes in commodities included and weights used had been proposed on several occasions prior to January 1, 1950, but had never been officially adopted.) This change occurred in August 1935. At that time, interest payments per acre on indebtedness secured by farm real estate and tax payments per acre on farm real estate were included as part of the index of prices paid as a result of an amendment to the Agricultural Adjustment Act of 1933. However, the index of prices paid continued to be published and used, both including and excluding interest and taxes, pursuant to controlling legislation. Thus, the index with taxes and interest was used in computing parity prices for commodities on a 1910-14 base. The index without interest and taxes was used for computing parity prices for commodities with a later or post-World War I base period.

The major revision in the index of prices paid made in 1950 resulted from an amendment to the Agricultural Adjustment Act of 1938 made by the Agricultural Acts of 1948 and 1949. This amendment did not change the basic idea of an index of prices paid; it merely changed its content. The amendment provided that—

the "parity index," as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.

This provision adding a new factor of farm wage rates and services to the index made necessary a revision of the old index of prices paid.

At the same time, a rather thoroughgoing revision of other parts of the old index of prices paid was made for technical reasons. One of the most important reasons for this revision was that the pattern of farmers' expenditures had changed somewhat over the years since the original index of prices paid was constructed. One outstanding change was the shift from animal power to mechanical power. Moreover, new price series had become available and should have been included in the index. Also, there was need to include certain items or groups of items for which farmers make substantial expenditures;

namely, livestock for stockers and feeders, and certain services, such as electricity and telephones.

The changing pattern of farmers' expenditures was reflected by using weights based on farmers' expenditures during 1924-29 for the period January 1910-March 1935, and by using weights based on farmers' expenditures during 1937-41 for the period since March 1935.

REVISED INDEX COMPARED WITH OLD INDEX

The revised and old indexes of prices paid by farmers both measure changes in prices paid by farmers since 1910-14. However, the old index still must be computed for use in determining parity under the old formula in the same way as the series of index numbers of prices paid prior to January 1, 1950, under existing legislation and House Report 1459, Eighty-first Congress, first session.

The revised and old index numbers of prices paid are different in these major respects:

1. The new index is the only one that includes cash wage rates paid to hired labor. The new index thus consists of five major groups (commodities purchased for use in family living, commodities purchased for use in production, interest, taxes, and wage rates), whereas the old index contains only four. As indicated above, this difference results from the legislation prescribing the manner in which the new index is to be computed.

2. The number of individual producer goods and consumer goods included differs in each index. As shown in the table on page 17, the new index includes considerably more items than does the old index. Some of these new items are additions, others are replacements.

3. The individual producer goods and consumer goods included have a different weight or relative importance. This difference results primarily from the facts that (a) the old index is based on farmers' expenditures in 1924-29, whereas the new index (since 1935) is based on farmers' expenditures in a later period, 1937-41, and (b) since 1935, the number of commodities in the index has been greatly expanded to give a much better commodity coverage. The relative weights given to each group are shown in the table on page 17.

Despite these differences, over the course of the years the old and new indexes of prices paid have moved relatively close together. This is indicated in the table on page 18.

Index of prices paid by farmers: Number of commodities in old and new index for selected years, by commodity subgroups ¹

Commodity group	1910		1914		1927		1935		1951	
	Old index	New index	Old index	New index	Old index	New index	Old index	New index	Old index	New index
Family living:										
Food.....	7	22	9	22	22	22	22	48	22	48
Clothing.....	8	14	13	14	16	14	17	42	18	44
Household operations.....	4	6	4	6	11	6	11	12	11	12
Household furnishings.....	10	22	10	22	21	22	21	38	20	36
Building material, house.....	7	7	7	7	15	15	15	23	14	23
Autos and auto supplies ²					1	4	1	14	1	15
Total.....	36	71	43	71	86	83	87	177	86	178
Production:										
Feed.....	5	9	5	9	12	10	12	22	12	22
Livestock.....	0	3	0	3	0	3	0	6	0	6
Motor supplies.....						4		12		13
Motor vehicles ³	0		0		3	3	3	14	3	14
Farm machinery.....	12	28	12	28	20	28	22	31	22	31
Farm supplies.....	13	14	13	14	16	14	16	20	14	19
Fertilizer.....	1	4	1	4	10	6	9	8	7	8
Building and fencing material.....	7	7	7	7	20	20	20	24	19	24
Seed.....	0	6	4	6	7	10	7	21	7	22
Total.....	38	71	42	71	88	98	89	158	84	159
All commodities.....	74	142	85	142	174	181	176	335	170	337

¹ The numbers in the table include certain duplications. For example, several lumber items in the "Building material, house" group in the family living component of the index are included also under "Building and fencing material" in the production component. The titles of the commodity subgroups as listed follow the designations in the new index and differ slightly in some cases from the previous designations.

² In the old index the item, "Autos," was counted as one commodity, although it was an average of prices for several different makes of cars. In the new index, each make is counted as a separate commodity.

³ Automobiles, trucks, and tractors. Composite prices for each were used in the old index and in the new prior to 1935. In 1935 and after the different number of items for which prices are collected are counted individually.

Source: Crop Reporting Board, BAE.

Percentage weights for old and new parity index

Commodity group	Old index ¹	New index ²	Commodity group	Old index ¹	New index ²
	Percent	Percent		Percent	Percent
Living.....	48.6	44.0	Production—Continued		
Food, including tobacco ³	17.5	16.7	Motor vehicles.....		5.2
Clothing.....	14.8	8.6	Automobiles and trucks.....	4.5	
Autos.....	3.0		Tractors.....	1.2	
Autos and auto supplies.....	(⁴)	6.9	Building and fencing materials.....	5.9	2.7
Household supplies.....	6.8		Fertilizer and lime.....	3.2	3.1
Household operations.....	(⁴)	5.9	Seeds.....	1.4	1.7
Household furnishings.....	2.9	4.0	Total commodities.....	86.0	85.2
Building materials, house.....	3.6	1.9	Taxes.....	6.8	3.8
Production.....	37.4	41.2	Interest.....	7.2	3.0
Feed.....	10.1	10.2	Commodities, interest, and taxes.....	100.0	92.0
Livestock.....	(⁵)	5.3	Cash wage rates.....	(⁶)	8.0
Farm machinery.....	4.2	4.5			
Motor supplies.....	(⁵)	5.2	Commodities, interest, taxes, and cash wage rates.....		100.0
Equipment and supplies ⁴	6.9	3.3			

¹ Based on annual average expenditures 1924-29.

² Based on annual average expenditures 1937-41. These weights were used from March 1935 forward.

³ Tobacco included in new index only, and since March 1935.

⁴ Auto supplies and household operations were a part of household supplies in the old index.

⁵ Livestock was not included in the old index. Equipment and supplies includes both motor supplies and farm supplies in the old index but only farm supplies in the new index.

⁶ Cash wage rates were not included in the old index.

Source: Crop Reporting Board, BAE.

Comparison of the parity indexes computed by the new and the old formulas¹

[1910-14=100]

Year	Parity index		Year	Parity index	
	New formula	Old formula		New formula	Old formula
1910.....	97	96	1931.....	130	140
1911.....	98	100	1932.....	112	124
1912.....	101	100	1933.....	109	119
1913.....	101	102	1934.....	120	128
1914.....	103	102	1935.....	124	128
1915.....	105	107	1936.....	124	127
1916.....	116	125	1937.....	131	132
1917.....	148	148	1938.....	124	126
1918.....	173	173	1939.....	122	123
1919.....	197	198	1940.....	124	124
1920.....	214	202	1941.....	132	131
1921.....	155	165	1942.....	151	149
1922.....	151	164	1943.....	170	160
1923.....	159	167	1944.....	182	168
1924.....	160	167	1945.....	189	171
1925.....	164	169	1946.....	207	191
1926.....	160	167	1947.....	239	230
1927.....	159	165	1948.....	239	248
1928.....	162	167	1949.....	250	242
1929.....	160	165	1950.....	255	250
1930.....	151	159	1951.....	281	272

¹ Simple average of 12-monthly figures.

Source: Crop Reporting Board, B.A.E.

COMPONENT PARTS OF REVISED INDEX OF PRICES PAID

The revised index of prices paid consists of a large number of individual items divided into these five groups or component parts:

- Prices paid for commodities used in family living
- Prices paid for commodities used in farm production
- Interest on farm real-estate indebtedness
- Taxes on farm real estate
- Cash wage rates paid hired labor

The relative importance of each of these groups in the total index of prices paid, the items included, the source of data are discussed in detail in the following sections.

Index numbers for each of these component parts as well as for the total revised index of prices paid annually since 1910 are shown in the table on the following page.

*Index numbers of prices paid by farmers, interest, taxes, and wage rates, index of prices received by farmers, and the parity ratio, United States, 1910-51*¹

Year	Prices paid for items used in—			Interest payable per acre	Taxes payable per acre	Wage rates for hired farm labor ²	Prices paid, interest, taxes, and wage rates	Prices received by farmers ³	Parity ratio ⁴
	Living	Production	Living and production						
1910.....	99	97	98	83	90	96	97	103	106
1911.....	99	98	99	91	91	98	98	95	97
1912.....	100	102	101	101	99	101	101	99	98
1913.....	100	101	100	109	103	104	101	101	100
1914.....	102	102	102	116	117	101	103	102	99
1915.....	104	104	104	122	118	101	105	99	94
1916.....	115	115	115	132	128	112	116	119	103
1917.....	143	156	150	145	136	141	148	178	120
1918.....	170	180	175	159	151	177	173	206	119
1919.....	202	195	199	180	160	206	197	218	111
1920.....	228	195	212	216	200	241	214	212	99
1921.....	164	128	146	248	244	156	155	124	80
1922.....	153	127	140	260	259	154	151	131	87
1923.....	156	138	148	261	261	172	159	142	89
1924.....	156	140	148	260	266	182	160	143	89
1925.....	161	145	153	236	265	181	164	156	95
1926.....	158	141	153	228	270	183	160	146	91
1927.....	155	141	148	223	271	184	159	141	89
1928.....	156	148	152	219	277	184	162	149	92
1929.....	154	146	150	213	279	186	160	148	92
1930.....	144	135	140	206	281	177	151	125	83
1931.....	124	113	119	197	277	139	130	87	67
1932.....	106	99	102	185	254	104	112	65	58
1933.....	108	99	104	164	220	88	109	70	64
1934.....	122	114	118	147	188	99	120	90	75
1935.....	124	122	123	135	178	107	124	109	88
1936.....	124	122	123	124	180	114	124	114	92
1937.....	128	132	130	116	181	129	131	122	93
1938.....	122	122	122	108	186	130	124	97	78
1939.....	120	121	121	103	183	127	122	95	77
1940.....	121	123	122	98	186	129	124	100	81
1941.....	130	130	130	94	183	151	132	123	93
1942.....	149	148	149	89	182	197	151	158	105
1943.....	166	164	165	79	177	262	170	192	113
1944.....	175	173	174	73	175	318	182	196	108
1945.....	182	176	179	69	181	359	189	206	109
1946.....	202	191	197	68	199	387	207	234	113
1947.....	237	224	230	70	222	419	239	275	115
1948.....	251	250	250	72	254	442	259	285	110
1949.....	243	238	240	76	275	430	250	249	100
1950.....	246	246	246	82	296	425	255	256	100
1951.....	268	273	271	90	311	470	281	302	107

¹ Revised January 1952.

² Simple average of quarterly indexes seasonally adjusted.

³ Including subsidy payments October 1943-June 1946.

⁴ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

Source: Crop Reporting Board, BAE.

PRICES PAID FOR COMMODITIES USED IN FAMILY LIVING

Importance.—"Commodities used in family living" is the largest of the five major groups in the index of prices paid by farmers. The items in this group represent about 44 percent of farmers' total expenditures for commodities and services in the 1937-41 period, and thus have this weight in the revised index of prices paid by farmers beginning in 1935. (See table on p. 17.) This is slightly larger than the commodities used in production, the next most important group.

Commodities included and relative importance of each.—The index of prices paid for commodities used in family living measures changes in prices farmers pay for the food, clothing, household furnishings, and other consumer goods farmers purchase to maintain their family and family home. Specific commodities included in the revised index of prices paid for family living, as well as relative importance of each item, beginning with 1935, were determined from two Government surveys on how farmers spend their incomes. The first survey, Consumer Expenditures in the United States, was conducted in 1935-36 by the Bureau of Human Nutrition and Home Economics of the Department of Agriculture and the Bureau of Labor Statistics. The second survey, Rural Family Spending and Saving in Wartime, was conducted by these two bureaus in 1941 and early 1942. These two surveys furnished information on farmers' expenditures for all consumer goods, except building materials for the farmhouse. Expenditures for this latter group of items were estimated by the Bureau of Agricultural Economics on the basis of various State surveys and on miscellaneous sources.

The specific numbers of farm family living commodities included in the revised index of prices paid in representative years since 1910 are shown in table on page 17. Currently, the index includes 180 commodities (see list at end of this section) classified into these 6 commodity groups: Food (including tobacco), clothing, autos and auto supplies, household operations, household furnishings, and building materials for the house. The levels reached by each of these groups in recent years is shown in the table on page 22.

Source of prices.—Prices of commodities used in computing this index are obtained mainly from mail questionnaires filled out voluntarily by several thousand merchants in rural communities. Most of these reports are obtained quarterly. The quarterly prices are supplemented by monthly prices from a smaller group of merchants. A few prices are obtained on an annual or semiannual basis and some are from sources other than mail questionnaires. Thus, prices paid for local newspapers are based on information on subscription rates of a large group of weekly and daily papers. Rates paid for electricity and telephone service are rates reported by farmers in a special survey made annually.

COMMODITIES USED IN LIVING

Food and tobacco.—Sugar, table sirup, hard candy, white bread, flour, baking powder, corn meal, rolled oats, soda crackers, macaroni, corn flakes, wheat flakes, rice, round steak, hamburger, sliced bacon, whole ham, pork chops, pork sausage, salt pork, bologna, canned salmon, butter, American cheese, evaporated milk, fluid milk, eggs, potatoes, dry beans, cabbage, lettuce, fresh tomatoes, canned corn, canned peas, apples, bananas, lemons, oranges, grapefruit, lard, vegetable shortening, salad dressing, peanut butter, margarine, coffee, tea, cigarettes, smoking tobacco.

Clothing.—Men's clothing: Overalls, cotton work shirts, undershirts, shorts, heavy cotton union suits, canvas gloves, cotton socks, cotton trousers, broadcloth shirts, wool jackets, wool suits, wool trousers, overcoats, felt hats, leather jackets, work shoes, knee-length rubber boots, dress shoes, overshoes.

Boys' clothing: Overalls, wool suits, wool sweaters, shoes.

Women's clothing: Percale house dresses, cotton street dresses, cotton nightgowns, cotton hose, lightweight coats, coats (fur-trimmed), coats (no fur), wool sweaters, felt hats, rayon dresses, step-ins or panties, rayon slips, nylon hose, straw hats, shoes.

Girls' clothing: Wash dresses, heavy coats, shoes.

Yard goods: Percale, gingham.

Household operations.—Prepared-size soft coal, run-of-mine soft coal, hard coal, kerosene, gasoline, wood, electricity, telephone, newspapers, laundry starch, laundry soap, toilet soap.

Autos and auto supplies.—De Luxe Ford, Custom De Luxe Ford, Special Chevrolet, De Luxe Chevrolet, De Luxe Plymouth, Special De Luxe Plymouth, Special Buick, gasoline, oil, 6.00 by 16 tires, 6.00 by 16 tubes, storage batteries, spark plugs, tire chains.

Household furnishings.—Bedroom suites, metal beds, bed springs, living room suites, occasional chairs, dining-room suites, floor lamps, battery-operated radios, electric radios, kitchen cabinets, electric refrigerators, coal or wood stoves, gas stoves, electric stoves, kerosene stoves, electric washing machines, gasoline washing machines, copper-bottom wash boilers, electric irons, vacuum cleaners, brooms, dinner plates, water glasses, fruit jars, electric sewing machines, foot-operated sewing machines, Axminster rugs, felt-base rugs, inner-spring mattresses, all-felted mattresses, sheets, wool blankets, cotton blankets, comforters, bath towels, bleached toweling, muslin, curtains.

House building materials.—2-inch by 4-inch by 16-foot framing, rough boards, dressed boards, shiplap, drop siding, bevel siding, wood shingles, yellow pine flooring, fir flooring, doors, windows, nails, galvanized screen wire, galvanized steel roofing, composition roofing, gypsum boards, asphalt shingles, insulating boards, portland cement, concrete blocks, common brick, house paint, linseed oil.

Revised index numbers of prices paid by farmers for commodities used for family living, by groups, United States, 1910-51

[1910-14=100]

Year	Food and tobacco	Clothing	Household		Building materials, house	Autos and auto supplies	All items
			Operations	Furnishings			
1910	98	99	100	98	100		99
1911	99	99	100	100	103		99
1912	99	100	100	98	104		100
1913	100	101	100	101	100		100
1914	104	101	100	103	93		102
1915	107	103	102	105	100		104
1916	118	114	108	118	114		115
1917	153	138	133	144	133		143
1918	172	181	133	182	160		170
1919	199	224	147	218	201		202
1920	211	261	183	277	212		228
1921	151	177	149	226	153		164
1922	140	159	153	193	165		153
1923	148	161	148	197	168		156
1924	147	165	140	192	168	154	156
1925	160	164	138	190	172	158	161
1926	154	162	143	186	172	158	153
1927	152	158	141	181	172	151	155
1928	152	161	139	181	168	149	156
1929	148	158	139	179	170	151	154
1930	137	149	136	172	166	144	144
1931	110	127	125	150	149	135	124
1932	89	102	115	126	134	134	106
1933	96	104	112	126	138	135	108
1934	110	120	118	138	155	143	122
1935	120	116	118	140	152	142	124
1936	120	116	117	139	153	145	124
1937	123	121	119	141	159	148	123
1938	111	117	119	136	154	151	122
1939	111	114	118	131	153	149	120
1940	111	115	119	128	156	149	121
1941	121	127	124	136	167	157	130
1942	143	155	128	156	181	172	149
1943	164	176	132	172	191	182	166
1944	167	198	135	187	206	192	175
1945	170	215	138	200	212	193	182
1946	197	243	149	221	232	191	202
1947	235	278	174	254	323	213	237
1948	247	294	181	262	355	236	251
1949	234	282	179	251	339	251	243
1950	239	282	180	250	350	254	246
1951	265	309	189	277	384	267	268

Source: Crop Reporting Board, BAE.

PRICES PAID FOR COMMODITIES USED IN PRODUCTION

Importance.—"Commodities used in production" is the second largest of the five major groups in the index of prices paid by farmers. The items included in this group of producers' goods represent about 41 percent of farmers' total expenditures for commodities and services during the 1937-41 period and thus have this weight in the revised index of prices paid by farmers beginning in 1935. (See table on p. 17.) They have an importance only slightly less than that given to the commodities used in family living.

Production items included and relative importance of each.—The index of prices paid for commodities used in production measures changes in prices farmers pay for the feed, livestock, seed, fertilizer, machinery, equipment, supplies, and other producer goods farmers purchase to operate their farms and produce farm commodities. Specific items included in the revised index of prices paid for commodities used in production (beginning with 1935), as well as the relative importance of each item, were determined from estimates of annual

expenditures by farmers for producer goods during 1937-41 made by the Bureau of Agricultural Economics in connection with annual net income studies. These Bureau of Agricultural Economics estimates of expenditures were based on available sources of information. In the preparation of these estimates, extensive use was made of data from the Census of Manufactures, the Census of Agriculture, from trade associations, special surveys, and various miscellaneous sources.

The specific numbers of production items included in the revised index of prices paid in representative years since 1910 are shown in the first table on page 17. Currently, the index includes 159 commodities (see list at end of this section) classified into these 9 commodity groups: feed, livestock, motor supplies, motor vehicles, farm machinery, building and fencing materials, fertilizer and lime, equipment and supplies, and seeds. The levels reached by each of these groups in recent years is shown in the table on page 24.

Source of prices.—Prices of commodities used in computing this index are obtained primarily by the Bureau of Agricultural Economics from mail questionnaires filled out voluntarily by several thousand merchants in rural communities. Most price information is obtained on a quarterly basis. Some items, such as feed and livestock, are collected on a monthly basis and some others are on an annual or semi-annual basis.

COMMODITIES USED IN PRODUCTION

Feed.—Alfalfa hay, other hay, corn, oats, barley, wheat, cottonseed meal, soybean meal, meat scrap, tankage, bran, middlings, mill run, corn meal, corn gluten, hominy feed, scratch grain, laying mash, starter mash, under 29 percent protein mixed dairy feed, over 29 percent protein and overmixed dairy feed, stock salt.

Livestock.—Stocker and feeder cattle and calves, stocker and feeder lambs, stocker and feeder hogs, dairy cattle, baby chicks, turkey poults.

Motor vehicles.—De Luxe Ford, Custom De Luxe Ford, Special Chevrolet, De Luxe Chevrolet, De Luxe Plymouth, Special De Luxe Plymouth, Special Buick, 1½-ton Ford truck, 1½-ton Chevrolet truck, International pickup truck, wheel tractors (under 20-belt horsepower), wheel tractors (20- to 29-belt horsepower), wheel tractors (30 and more belt horsepower), crawler tractors.

Motor supplies.—Gasoline for automobiles and trucks, gasoline for tractors, kerosene, distillate, motor oil, grease, auto tires, inner tubes, truck tires, tire chains, storage batteries, spark plugs.

Farm supplies.—Axes, hammers, 3-tine pitchforks, 4-tine pitchforks, hoes, scythes, hand sprayers, milk cans, milk pails, oil-burning brooders, electric brooders, manila rope, binder twine, veneer bushel baskets, leather horse collars, lead arsenate, paris green, calcium arsenate, electricity.

Farm machinery.—1-bottom tractor plows, 2-bottom tractor plows, 3-bottom tractor plows, single-disk harrows, tandem-disk harrows, spike-tooth harrows, 2-row tractor cultivators, manure spreaders, 2-row corn planters, 12-tube grain drills, 20-tube grain drills, 5-foot mowers, tractor mowers, side-delivery hay rakes, hay loaders, 12-foot cut combines, 5- to 6-foot cut combines, corn binders, corn picker-huskers, ensilage cutters, grain binders, grain threshers, hammer mills,

500-pound-capacity cream separators, 750-pound-capacity cream separators, milker outfits, farm trucks, farm wagon spray outfits, gas engines, electric motors.

Fertilizers.—Mixed, 2-12-6, 3-12-6, 4-12-4, nitrate of soda, ammonium sulphate, superphosphate, muriate of potash, agricultural limestone.

Building and fencing materials.—Framing lumber, rough boards, dressed boards, shiplap, drop siding, wood shingles, barn windows, nails, house paint, linseed oil, portland cement, common brick, composition roofing, galvanized roofing, asphalt shingles, 2-point barbed wire, 4-point barbed wire, poultry netting, wood posts, steel posts, farm gates, woven wire, windmills, galvanized-iron pipe.

Seeds.—Potatoes, soybeans, cowpeas, hybrid corn, open-pollinated corn, oats, barley, wheat, rye, common alfalfa, improved variety alfalfa, red clover, sweet clover, alsike clover, Korean lespedeza, timothy, Kentucky bluegrass, common ryegrass, Sudan grass, Austrian winter peas, hairy vetch, certified Grimm alfalfa.

Revised index numbers of prices paid by farmers for commodities used for production, by groups, United States, 1910-51

[1910-14=100]

Year	Feed	Live-stock	Motor supplies	Motor vehicles	Farm machinery	Farm supplies	Building and fencing materials	Fertilizer	Seed	All items
1910.....	98	92	-----	-----	100	97	100	98	92	97
1911.....	100	85	-----	-----	100	99	103	98	106	98
1912.....	103	97	-----	-----	100	100	103	100	116	102
1913.....	97	111	-----	-----	100	102	101	101	97	101
1914.....	102	115	-----	-----	100	102	93	103	89	102
1915.....	101	114	-----	-----	103	109	101	108	89	101
1916.....	109	124	-----	-----	108	121	117	123	123	115
1917.....	175	159	-----	-----	123	161	137	136	163	153
1918.....	187	181	-----	-----	155	209	161	172	176	180
1919.....	208	183	-----	-----	160	220	188	182	201	195
1920.....	203	161	-----	-----	166	218	204	181	238	195
1921.....	105	88	-----	-----	160	189	156	152	123	128
1922.....	113	108	-----	-----	143	163	159	127	118	127
1923.....	135	111	-----	-----	148	168	160	134	124	138
1924.....	139	116	130	141	155	175	161	126	126	140
1925.....	143	124	138	143	154	174	164	139	144	145
1926.....	122	131	144	140	154	175	162	138	168	141
1927.....	128	148	128	143	155	171	160	120	148	141
1928.....	139	181	125	145	154	172	158	131	131	148
1929.....	136	177	124	148	153	171	159	130	133	146
1930.....	122	132	118	144	152	168	155	126	130	135
1931.....	86	92	100	143	150	155	138	114	104	113
1932.....	64	76	99	141	142	137	126	100	67	99
1933.....	73	69	97	140	138	127	130	93	72	99
1934.....	103	70	103	148	144	134	146	105	104	114
1935.....	106	117	102	150	148	134	143	104	124	122
1936.....	109	112	104	157	150	136	142	98	110	122
1937.....	124	127	106	162	153	143	148	103	154	132
1938.....	93	125	105	172	158	146	146	102	112	122
1939.....	93	139	102	165	155	142	144	101	92	121
1940.....	100	143	100	163	153	146	146	98	101	123
1941.....	108	161	103	172	155	156	156	98	97	130
1942.....	132	188	110	186	164	172	171	109	131	148
1943.....	156	214	113	195	170	192	179	116	164	164
1944.....	173	202	115	211	174	201	190	118	187	173
1945.....	172	221	115	218	176	204	195	120	191	176
1946.....	200	250	117	224	182	206	212	121	197	191
1947.....	236	312	129	260	206	222	277	134	226	224
1948.....	250	387	144	291	240	236	308	146	263	250
1949.....	206	344	146	320	270	246	304	150	238	238
1950.....	210	402	149	320	275	247	312	144	228	246
1951.....	236	490	156	342	297	264	346	152	232	273

Source: Crop Reporting Board, BAE.

INTEREST ON FARM INDEBTEDNESS

The index of interest on farm indebtedness measures interest charges on farm indebtedness secured by farm real estate due and payable during the calendar year. The figures do not include defaults in payments or payments made on interest charges due in previous years.

Interest has a relative importance or weight of 3 percent in the computation of the parity index. In other words, about 3 percent of farmers' total expenditures was paid as interest on farm real estate mortgages during the period 1937-41.

The interest series is based on estimates of interest charges on a per acre basis developed once a year from data on farm mortgage loans and interest rates charged on such loans. These estimates are based on information obtained from the Bureau of Census, special surveys, and lending agencies. The same figure is used throughout the calendar year, except for revisions made in preliminary estimates.

The same interest series is used in both the revised and old index of prices paid. Index numbers of interest in recent years will be found in the table on page 19.

TAXES ON FARM REAL ESTATE

The index of taxes on farm real estate measures all general and special ad valorem taxes levied against farm real estate on a per acre basis. The data do not include, however, so far as possible, special assessments based on benefits received rather than on property valuation. The tax figure used is based on taxes assessed in the year previous, since taxes ordinarily are paid in the year following that in which they are levied.

Taxes on farm real estate have a relative importance or weight of 3.8 percent in the computation of the total index of prices paid, since expenditures for such taxes represented about 3.8 percent of total farm expenditures in the period 1937-41.

These tax figures are developed once a year from data obtained from special surveys and the Bureau of Census. The same figure is used throughout the calendar year, except for revisions made in preliminary estimates.

The same tax series is used in the revised and old index of prices paid. Index numbers of taxes in recent years will be found in the table on page 19.

CASH WAGE RATES PAID HIRED LABOR

The index of cash wage rates paid hired labor measures the average cash wage rates being paid to hired farm workers by farmers.

Wage rates have a relative importance or weight of 8 percent in the computation of the total index of prices paid, since expenditures for such purpose represented about 8 percent of total farm expenditures in the 1937-41 period.

Wage rate information is developed quarterly by the Bureau of Agricultural Economics on the basis of mail surveys to farmers. In these surveys, nine different categories of wage rates are collected currently. Only the most important categories of wage rates in each

region are asked. All types of rates are combined into an hourly composite wage rate by the following process: (a) All nonhourly rates are converted to an equivalent hourly rate; (b) each of these hourly equivalent rates and the hourly rates are weighted by the percentage of all workers estimated to have been employed at the rate. The percentage of workers hired at each rate is obtained from interview survey data. The resulting index is then seasonally adjusted.

The same index of wage rates is used throughout the calendar quarter. Index numbers of wage rates in recent years will be found in the table on page 19.

The interest rates are based on estimates of interest charges on a par rate basis developed once a year from data on farm mortgage loans and interest rates charged on such loans. These estimates are based on information obtained from the Bureau of Census, special surveys, and leading agencies. The same figure is used throughout the calendar year, except for revisions made in preliminary estimates. The same interest series is used in both the revised and old index of prices paid. Index numbers of interest in recent years will be found in the table on page 19.

TAXES ON FARM REAL ESTATE

The index of taxes on farm real estate measures all general and special ad valorem taxes levied against farm real estate on a par rate basis. The data do not include, however, so far as possible, special assessments based on benefits received rather than on property valuation. The tax figure used is based on taxes assessed in the year previous, since taxes ordinarily are paid in the year following that in which they are levied.

Taxes on farm real estate have a relative importance or weight of 3.8 percent in the computation of the total index of prices paid, since expenditures for such taxes represented about 3.8 percent of total farm expenditures in the period 1937-41.

These tax figures are developed once a year from data obtained from special surveys and the Bureau of Census. The same figure is used throughout the calendar year, except for revisions made in preliminary estimates.

The same tax series is used in the revised and old index of prices paid. Index numbers of taxes in recent years will be found in the table on page 19.

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PART III. INDEX OF PRICES RECEIVED BY FARMERS

INDEX OF PRICES RECEIVED BY FARMERS

The index of prices received by farmers is a measure of changes in the average price level of the agricultural commodities that farmers sell. It measures this level by averaging into one figure or index number the changes in prices of major agricultural commodities, so that comparisons in the price level of these commodities can be made from month to month and year to year. It is a measure of the United States average price level of this combined group of commodities relative to the level in a base period, rather than a measure of the level of the price of any one commodity or of any restricted group of agricultural commodities sold by any farmer.

The index of prices received has a number of uses. First, it is valuable for showing changes in the average level of prices received by farmers. It also has an important part in the computation of parity prices being used in computing these prices for agricultural commodities under the new parity formula. It is also used in computing the parity ratio. The use of the index of prices received for these purposes is described in the sections on New Parity Price and The General Parity Ratio in part I of this publication.

An index of prices received has been computed and published by the Department since the early 1900's. However, over the course of years, a number of changes have been made in the index (with respect to such factors as the number of commodities included, base period, and the relative weights given individual commodities) to provide the best possible measure of the changes in the average level of prices received by farmers. The most recent revision was in 1950. The changes made in January 1950 occurred at the time the index of prices paid was revised and were made so that the two indexes would be on a similar basis. This revision made only a very slight change in the level of the index as of January 1950. The principal changes made in January 1950 were these:

1. The base period of the index of prices received, that is, the period with which current prices are compared, was shifted to January 1910–December 1914, the same base period used in the index of prices paid, from August 1909–June 1914 and was required by law.

2. The period used for measuring the relative importance of the individual commodities for the period 1935 to date was shifted to 1937–41, the same weight period used in the index of prices paid.

3. There were some slight changes made in methodology in order that both the indexes of prices received and prices paid would be computed by comparable methods. There was a slight change in the individual commodities included.

The index of prices received by farmers is computed monthly by the Bureau of Agricultural Economics as of the 15th of each month. These figures are published in *Agricultural Prices* which also contains the official release of parity prices.

Prices used in the computation of the index are collected by the Bureau of Agricultural Economics primarily by use of mail questionnaires received from some 10,000 country merchants, dealers in farm produce at local shipping points, operators of country mills and elevators, managers of local creameries and milk-receiving stations, managers of cooperative marketing organizations, rural bankers, and well-informed farmers. These reports cover the average prices received by farmers for their products sold at local markets or at the points where farmers deliver their products in their own conveyances or in conveyances they hire for this purpose; that is, prices reported relate to first sales by farmers.

Data on prices received for 48 major agricultural commodities (see list at end of section) are included in the computation of the index. These 48 agricultural commodities were selected from a much larger group of commodities that farmers sell and for which price information is available. The selection was based on the relative importance of cash income from farm marketings of these commodities in relation to total cash income.

Prices of individual commodities are combined into commodity group indexes of prices received, using weights based on the relative importance in volume. Since 1935, this relative importance was determined from information on the quantity of each commodity sold for cash by farmers during the 5-year period 1937-41. The various commodity group indexes are combined into the over-all index of prices received, using weights based on the relative importance in terms of cash income.

The relative importance of each of the eight groups of crops and of each of the four groups of livestock and livestock products included in the index of prices received are shown in the table on the following page. As indicated by this table, livestock products have a relative weight of 57.4 percent, which means that during the 1937-41 period they represented 57.4 percent of total cash receipts from marketings received by farmers. Crops, on the other hand, have a weight of only 42.6 percent.

Index numbers of prices received by farmers in recent years are shown in the table on page 19.

level of the index as of January 1935. The principal changes made in January 1935 were those:

1. The base period of the index of prices received, that is, the period with which current prices are compared, was shifted to January 1910-1914, the same base period used in the index of prices paid, from August 1908-June 1914 and was required by law.
2. The period used for measuring the relative importance of the individual commodities for the period 1935 to date was shifted to 1937-41, the same weight period used in the index of prices paid. There were some slight changes made in methodology in order that both the indexes of prices received and prices paid would be computed by comparable methods. There was a slight change in the individual commodities included.
3. The index of prices received by farmers is computed monthly by the Bureau of Agricultural Economics as of the 15th of each month. These figures are published in *Agricultural Prices* which also contains the official release of parity prices.

Group weights for index of prices received by farmers ¹

Commodity group	Average cash receipts	Percent weights	
		Of groups	Of total
Crops:	<i>Thou. dol.</i>	<i>Percent</i>	<i>Percent</i>
Food grains.....	562,680	16.7	7.1
Feed grains and hay.....	490,135	14.9	6.4
Cotton.....	662,074	19.7	8.4
Tobacco.....	289,962	8.6	3.7
Oil-bearing crops.....	236,829	7.1	3.0
Fruit.....	489,968	14.6	6.2
Truck crops.....	395,158	11.8	5.0
Other vegetable.....	222,974	6.6	2.8
Total in index.....	3,358,680	100.0	
Other crops.....	379,655		
Total crops.....	3,738,335		42.6
Livestock and products:			
Meat animals.....	2,491,310	49.9	28.6
Dairy products.....	1,534,336	30.7	17.6
Poultry and eggs.....	869,600	17.4	10.0
Wool.....	101,866	2.0	1.2
Total in index.....	4,997,112	100.0	
Other livestock and products.....	47,325		
Total livestock and products.....	5,044,437		57.4
All farm products.....	8,782,772		100.0

¹ Weights used for obtaining aggregates for individual commodities from January 1935 to date are average quantities sold by farmers for the 5-year period 1937-41. For livestock and livestock products, calendar year sales were used in computing the averages; for crops, the corresponding crop-year sales were used. Prior to January 1935, weights were based on sales 1924-29.

For combining the various subgroup indexes into an all-crop, an all-livestock and livestock products, and an all-commodity index, weights are percentages based on average cash receipts received by farmers for 1937-41.

COMMODITIES INCLUDED IN THE INDEX OF PRICES RECEIVED BY FARMERS

ALL CROPS

- (1) Food grains: Wheat, rye, and rice.
- (2) Feed grains and hay: Corn, oats, barley, grain sorghums, and hay.
- (3) Cotton.
- (4) Tobacco.
- (5) Oil-bearing crops: Cottonseed, flaxseed, peanuts, and soybeans.
- (6) Fruits: Apples, oranges, lemons, grapefruit, pears, peaches, grapes, and strawberries.
- (7) Truck crops: Snap beans, cabbage, carrots, cauliflower, celery, onions, lettuce, green peas, green peppers, spinach, and tomatoes.
- (8) Other vegetables: Irish potatoes, sweet potatoes, and dry beans.

LIVESTOCK AND LIVESTOCK PRODUCTS

- (1) Meat animals: Beef cattle, calves, hogs, sheep, and lambs.
- (2) Dairy products: Milk, wholesale; milk, retail; and butterfat.
- (3) Poultry and eggs: Eggs, chickens, and turkeys.
- (4) Wool.



